

TEACHERS' RETIREMENT BOARD
SUBCOMMITTEE ON CORPORATE GOVERNANCE

SUBJECT: Panel-Strategies for Institutional Investors

ITEM NUMBER: 4

ATTACHMENT(S): 1

ACTION:

DATE OF MEETING: March 8, 2000

INFORMATION: X

PRESENTER: Mr. Patrick Mitchell

At the February meeting of the Subcommittee on Corporate Governance, our second panel on general issues in Corporate Governance was presented. The members heard presentations from Richard Koppes, Suzanne Harvey and Kenneth Bertsch, regarding the range of tactics that institutional investors could consider when they were disappointed in portfolio companies' performance. Today, we are hearing from a panel who will discuss actual efforts that they have employed in their Corporate Governance programs:

- William Patterson, Director of the Office of Investment
AFL-CIO
Washington, D.C
- Linda Scott, Director of Investor Affairs
Office of the State Comptroller
New York State and Local Retirement System
- Kurt Schacht, Formerly the Director of Corporate Affairs at the State of
Wisconsin Investment Board, now the Chief Operating Officer
Evergreen Asset Management
Purchase, NY

The biographies for these speakers are attached to this item.

LINDA E. SCOTT

Linda E. Scott is the Director of Investor Affairs for the \$121 billion New York State Common Retirement Fund. She is responsible for the Fund's activities in the areas of corporate governance and proxy voting, in addition to serving as the Fund's liaison to portfolio companies.

Acting on behalf of the Fund's one million retirees and active members, Ms. Scott monitors the performance of portfolio companies and meets regularly with corporate directors and executives, as well as federal and state government officials and other institutional investors.

Since joining the Fund in 1996, she has worked to balance the Fund's fiduciary responsibility with its social responsibility to members and citizens of New York State. Under her leadership, the Fund has gained a reputation for responding effectively to an array of governance and social issues, including executive compensation, shareholder equity, tobacco investments and the restitution of unclaimed assets to survivors of the Holocaust.

Prior to assuming this position, Ms. Scott was Deputy Director of Communications for the New York State Comptroller. She prepared briefing papers and speeches, and served as spokesperson on topics such as pension fund management, retirement planning, economic development and New York City budget issues. Ms. Scott has also served as Special Assistant to the President of the New York City Board of Education where she developed education policy for the nation's largest public school system.

Ms. Scott's career reflects a deep commitment to public service. Through positions in government, community-based non-profit organizations and large corporations, she has worked to create partnerships between the business and service communities, and has demonstrated an ability to negotiate with corporate executives, labor leaders, community activists and government officials.

Ms. Scott attended the University of East Anglia in Norwich, England; and earned a B.A. from Trinity College (Hartford) and an M.A. from Yale University. She is Treasurer of the Council of Institutional Investors.

WILLIAM BLAKE PATTERSON

William Patterson is the Director of the AFL-CIO Office of Investment. He was hired in 1996 by the new leadership of the AFL-CIO to create a new office to provide investment management and corporate governance services to collectively bargained pension and benefit plans. The Office of Investment provides assistance in proxy voting and shareholder advocacy, working with investment professionals and fund service providers, evaluating investment performance and investment vehicles to meet fund objectives, asset allocation strategies, defined benefit/defined contribution fund design issues, legal, regulatory and legislative issues and membership financial services.

Mr. Patterson's new Office has issued; new proxy voting guidelines, created an executive compensation website, "PayWatch", which was profiled in the April 9, 1998 *Wall Street Journal*, built a shareholder proxy solicitation capability, supported new securities litigation initiatives for pension funds, proposed new standards for investment manager proxy reporting, launched a new trustee education program, and negotiated the compromise proposal for proxy rules that were adopted by the Securities and Exchange Commission in March, 1998.

Mr. Patterson is also serving as the acting Director of the Center for Working Capital, a newly created non-profit organization, dedicated to protecting work retirement savings. The Center holds conferences and seminars, performs research and data collection, offers educational programs and publishes a quarterly newsletter titled *Working Capital*.

Mr. Patterson served, from 1994 to 1996, as co-chair of the Council of Institutional Investors, a coalition of public, corporate, and multi-employer pension funds that collectively holds over one trillion dollars in assets. He has served on the Council's Executive Committee since 1988.

He has been active in the area of pension fund and employee financial issues for twenty years. In 1992, he created the Long-View Fund, a mutual fund committed to adding value through active corporate governance reform which has attracted over \$2.5 billion in investment assets.

From 1991 to 1996, William Patterson was the Director of the Office of Corporate Affairs for the International Brotherhood of Teamsters (IBT). In 1995, he issued "America's Least Valuable Directors", a widely circulated report on underperforming corporate board members. In 1996, his IBT fund passed the first shareholder proposal ever to become binding on a corporate board of directors.

KURT SCHACHT

Mr. Schacht serves as the Chief Operating Officer for the Evergreen Asset Management Corp., located in White Plains, New York. Evergreen is a subsidiary of the First Union Bank, the nation's 6th largest bank, which has \$80 billion under management in its Asset Management Division. Mr. Schacht is responsible for managing 75 staff people encompassing all areas of the operation and administration of 31 mutual funds including the facilities, back office, personnel and IT areas. He serves on the Risk and Commission Allocation Committees for the Asset Management Division. Previously, Mr. Schacht worked with the State of Wisconsin Investment Board (SWIB), located in Madison, Wisconsin for ten years, serving as Assistant Director and General Counsel. SWIB acts as investment manager for the Wisconsin public pension system, investing benefit funds for some 400,000 public employees. In his senior management capacity, he has been involved in all aspects of the daily operations of the \$70 billion fund, including risk management, asset allocation, personnel, IT and general operations. In addition, he directed all legal activities, including the compliance responsibilities of the organization. Mr. Schacht directed the activities of SWIB's corporate relations and proxy voting areas, which includes regular interaction with corporate management and boards, the business media and institutional investors. Mr. Schacht is a Chartered Financial Analyst (CFA) and holds degrees in Chemistry and Law from the University of Wisconsin. Prior to coming to SWIB, Mr. Schacht was in private legal practice for several years, working in the corporate/securities area. Mr. Schacht is a member of the National Association of Corporate Directors (NACD) and the American Society of Corporate Secretaries. He also serves on two New York Stock Exchange Special Committees.